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SUBJECT: MEDIA REACTION ON CAFTA, SEPTEMBER 17, 2003

1. Editorial in Tegucigalpa-based liberal daily "La Tribuna" on 9/17 entitled "Flexibility". "In this new round of CAFTA negotiations taking place in Managua, the Central American negotiators and businessmen have expressed their concern for the delay of the negotiations on the issue of textiles. According to unofficial sources, the U.S. is implementing a strategy to slow down the negotiations on sensitive issues, in an attempt to deal with all of them in the last round, which will take place in December in Washington, where the Central American ministers and presidents will be under an intense political pressure to resolve them."

"In Managua, the U.S. lead negotiator has urged her Central American counterparts to be flexible to prevent the collapse of this agreement. She also referred to what has just happened in Cancun during the WTO meeting, complaining that some Central American countries that are members of the G-21 went with a lot of demands, but they aren't flexible enough to consider the demands of others."

"It is obvious that the U.S. is still reluctant to eliminate the subsidies for their agricultural products, and it has put up a obstacles for the exportation of textiles from Central America. These problems are very detrimental for our agriculture which is the main means of subsistence of our poor, and also our textile industry which is one of the few areas we can be fairly competitive in the framework of this agreement."

2. Article in Tegucigalpa-based moderate daily "El Herald" on 9/17 entitled "The U.S. stuns negotiators by rejecting previous agreements within CAFTA". "Some agreements that were almost finalized in the latest rounds were suddenly changed by the U.S. negotiating team, while the Central American counterparts were not aware of those changes. Carlos Sequeira, lead Nicaraguan negotiator stated, 'We are surprised, we were ready to finalize the texts we had already agreed upon. Now, we have to keep working on these issues. We are now standing in a different ground'."

"The Central American negotiation teams have stated that the U.S. changed the texts on the issues of public contracts and concessions, which was agreed upon on the last round. Melvin Redondo, the Honduran lead negotiator said, 'There are new proposals of the final texts of some issues we had already discussed. However, the negotiations are still open, and there is still time to present other proposals'."

"Despite these disagreements, the negotiations have progressed. For instance, the teams reached an agreement on the regulations to determine the measures and weigh standards to be used in the trade of goods and services among all countries. There was also some progress on the environmental, labor and services issues."

Palmer